

Message Text

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12

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TAGS: EIND, EMIN, BDIS, PE, JA

SUBJ: MARCONA NATIONALIZATION

REF: TOKYO 10395

SUMMARY: FONOFF HAS INDICATED THAT GOJ WILL CONTINUE TO AVOID INVOLVEMENT IN MARCONA NATIONALIZATION, LEAVING THE STEEL INDUSTRY TO SETTLE THE ISSUES ON BASIS OF ITS COMMERCIAL INTERESTS. BOTH MARCONA AND GOP ARE ACTIVELY ARGUING THEIR CASES WITH JAPANESE IRON ORE PURCHASES. END SUMMARY.

1. IN AUG. 11 DISCUSSION OF MARCONA NATIONALIZATION WITH E/C COUNS--NAKASONE, DIR., FIRST CENTRAL AND S. AMERICAN DIV., FONOFF, STESSED THAT GOJ HAS AVOIDED INVOLVEMENT IN ISSUES BETWEEN MARCONA AND GOP AND WILL CONTINUE TO DO SO. NAKASONE, WHO ATTENDED MID-JULY MEETING IN TOKYO OF FONMINS MIYAZAWA AND DE LA FLOR, SAID MIYAZAWA HAD RESPONDED TO DE LA FLOR'S APPEAL TO TAKE A "FRIENDLY ATTITUDE" TOWARD TAKEOVER OF MARCONA INTERESTS BY STATING THAT BOTH PERR AND MARCONA WERE "OLD FRIENDS" OF JAPAN AND EXPRESSING HOPE FOR AMICABLE SETTLEMENT. THE PERUVIAN OFFICIALS, NAKASONE OBSERVED, APPEARED DISAPPOINTED RATHER THAN ENCOURAGED BY GOJ'S NEUTRAL STANCE TOWARD LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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GOP AND MARCONA BUT THEIR DECISION TO GO AHEAD WITH NATIONALIZATION MAY HAVE BEEN INFLUENCED BY GOJ'S NEUTRAL ATTITUDE.

2. NAKASONE NOTED THAT GOP DOES NOT SEEM TO BE COMPLETELY INFLEXIBLE AND HAS PAID SOME COMPENSATION IN PREVIOUS NATIONALIZATIONS (CERRO DE PASCO AND ANACONDA). HE MENTIONED THE ITT EXPROPRIATION, FOR WHICH BONDS FOR INVESTMENT IN PERU WERE ISSUED, AS A CASE WHICH APPARENTLY WAS SETTLED SATISFACTORILY AND ADDED THAT NEGOTIATIONS ARE STILL IN PROGRESS OVER A SMALL JAPANESE FISH MEAL PLANT NATIONALIZED OVER THREE YEARS AGO. NAKASONE SAID THAT HE BELIEVES MARCONA STILL HAS SOME NEGOTIATING STRENGTH AND LEGAL OPTIONS LEFT AND THAT THERE ARE ALSO POSSIBILITIES FOR POSITIVE U.S.G. INFLUENCE IN THE SETTLEMENT. HE INDICATED CLEARLY, HOWEVER, THAT THE GOJ WILL NOT INTERFERE WITH THE STEEL COMPANIES' HANDLING OF THE SITUATION IN THEIR COMMERCIAL INTEREST.

3. IN AUG. 8 CALL ON E/C COUNS MARCONA'S TOKYO REP., SHUNJI IKI, SAID THAT ALTHOUGH MARCONA HAS DECLARED FORCE MAJEURE ON TWO CONTRACTS AND IS TRYING TO RETURN TWO ORE VESSELS TO THEIR JAPANESE OWNERS, THE FIRM IS ALSO MAKING EFFORTS TO SECURE ALTERNATIVE SUPPLIES FOR ITS JAPANESE AND KOREAN CUSTOMERS. ACCORDING IKI, JAPANESE FIRMS QUOTED COMPLETE TEXT OF MARCONA'S JULY 28 LETTER (SEE PARAS 1 AND 4 REFTEL) IN THEIR RESPONSE TO GOP TELEX ANNOUNCING TAKEOVER. HE PASSED EMBASSY A COPY OF MINERO PERU COMMERCIAL'S REPLY (RECEIVED IN JAPAN AUG. 5) TO THE STEEL COMPANIES' MESSAGE WHICH CONSISTS OF REBUTTAL OF STATEMENTS IN MARCONA'S JULY 28 LETTER AND AN OFFER TO ASSUME RISK FOR LEGAL ACTION BY MARCONA. EMBASSY POUCHING COPIES TO DEPT. AND LIMA ALONG WITH COPIES, ALSO PROVIDED BY IKI, OF MARCONA'S AUG. 6 LETTER TO ITS CUSTOMERS DECLARING FORCE MAJEURE AND REFUTING CHARGES AGAINST MARCONA CONTAINED IN GOP DECREE LAW 21228. SHOESMITH

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